

OBRA FORMULA FOR FISCAL YEAR 1998/99
January 10, 1998

$$\text{OBRA 1993 Hospital Specific Limit} = \left(\frac{\text{Medi-Cal/Uninsured Expenses}}{\text{Medi-Cal/Uninsured Revenues}} \right) - \left(\frac{\text{Medi-Cal/Uninsured Revenues}}{\text{Medi-Cal/Uninsured Revenues}} \right)$$

Medi-Cal/Uninsured Expenses

$$\text{Medi-Cal/Uninsured Expenses} = \left(\frac{\text{Projected Total Hospital Expenses For FY 98/99}}{\text{Patient Mix}} \right) \left(\text{Medi-Cal/Uninsured} \right) + \left(\text{Demonstration Project Expenses}^1 \right)$$

Where,

$$\text{Projected Total Hospital Expenses For FY 98/99} = \left(\frac{\text{Projected Adjusted Hospital Operating Expenses For FY 98/99}}{\text{Expenses For FY 98/99}} \right) + \left(\frac{\text{Estimated FY 98/99 CRRP Costs (From Survey)}}{\text{CRRP Costs (From Survey)}} \right) - \left(\frac{\text{Estimated FY 98/99 Medi-Cal Administrative Activities (From Survey)}}{\text{Medi-Cal Administrative Activities (From Survey)}} \right)$$

Where,

$$\text{Projected Adjusted Hospital Operating Expenses For FY 98/99} = \left[\left(\frac{\text{Total Operating Expenses}^2}{\text{(L0820001)}} \right) + \left(\frac{\text{Bad Debt}^2}{\text{(L1242025)}} \right) - \left(\frac{\text{CRRP Costs For FY Ending In 1996 (From Survey)}}{\text{CRRP Costs For FY Ending In 1996 (From Survey)}} \right) \right] \left(\text{Trend Factor} \right)$$

and where,

$$\text{Trend Factor} = \left[\left(\frac{\text{Medicare Market Basket Percentage for FFY 1997}}{\text{Medicare Market Basket Percentage for FFY 1997}} \right) \left(\frac{\text{Hospital 1996 FY End Month Adjustment Factor}}{\text{Hospital 1996 FY End Month Adjustment Factor}} \right) + 1 \right] \left[\left(\frac{\text{Medicare Market Basket Percentage for FFY 1998}}{\text{Medicare Market Basket Percentage for FFY 1998}} \right) + 1 \right] \left[\left(\frac{\text{Medicare Market Basket Percentage for FFY 1999}}{\text{Medicare Market Basket Percentage for FFY 1999}} \right) + 1 \right]$$

1. Demonstration project expenses are determined based on the terms and conditions of an approved federal Medicaid demonstration project.
2. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 1996.

(continued next page)

$$\text{Medi-Cal/Uninsured Patient Mix} = \frac{\left(\begin{array}{l} \text{Total Medi-Cal} \\ \text{In/Outpatient Charges}^1 \\ \text{(L1241505 + L1241507} \\ \text{+ Managed Care Charges} \\ \text{+ Short/Doyle Charges)} \end{array} \right) + \left(\begin{array}{l} \text{Total County Indigent Program} \\ \text{In/Outpatient Charges}^2 \\ \text{(L1241509 + L1241511)} \end{array} \right) + \left(\begin{array}{l} \text{Total Uninsured} \\ \text{In/Outpatient Charges}^2 \\ \text{(L1241517 + L1241519)} \end{array} \right)}{\text{Total In/Outpatient Charges}^2 \text{ (L1241525)}}$$

1. From the OSHPD report for fiscal year ending in 1996, the OSHPD Confidential Discharge Data files for calendar year 1996, the San Mateo and Santa Barbara county plans paid claims files for year of service 1996 and the Medi-Cal Short/Doyle paid claims files for calendar year of service 1996.
2. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 1996.

Medi-Cal/Uninsured Revenues

$$\begin{aligned}
 \text{Medi-Cal/Uninsured Revenues} = & \left(\begin{array}{c} \text{Total Medi-Cal} \\ \text{In/Outpatient} \\ \text{Revenues For CY} \\ \text{of Payment 1997}^1 \end{array} \right) + \left(\begin{array}{c} \text{Estimated} \\ \text{FY 98/99} \\ \text{CRRP Revenues} \\ \text{(From Survey)} \end{array} \right) + \left(\begin{array}{c} \text{Emergency Services/} \\ \text{Supplemental Payments} \\ \text{Revenues} \\ \text{(SB1255 Funds Paid} \\ \text{or Payable} \\ \text{For FY 98/99)}^2 \end{array} \right) + \left(\begin{array}{c} \text{Estimated FY 98/99} \\ \text{Targeted Case} \\ \text{Management Revenues} \\ \text{(From Survey)} \end{array} \right) \\
 & + \left[\left(\begin{array}{c} \text{Uninsured Cash} \\ \text{Payments}^3 \\ \text{(L1246017 + L1246019)} \end{array} \right) (\text{Trend Factor}^4) \right] + \left(\begin{array}{c} \text{98/99 Demonstration} \\ \text{Project Revenues}^5 \end{array} \right) \\
 & + \left(\begin{array}{c} \text{98/99 Graduate Medical} \\ \text{Education Revenues}^2 \end{array} \right) + \left(\begin{array}{c} \text{97/98 CMAC} \\ \text{Overpayments}^6 \end{array} \right)
 \end{aligned}$$

1. From the Medi-Cal paid claims files, Medi-Cal Short/Doyle paid claims files, Inpatient Psychiatric paid claims files, San Mateo, Santa Barbara and Solano county plans paid claims files and data collected from the Medi-Cal Managed Care plans.
2. From CMAC.
3. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 1996.
4. Same as the Trend Factor calculated on page two.
5. Demonstration project revenues are determined based on the terms and conditions of an approved federal Medicaid demonstration project.
6. Additional 1997/98 SB1255 and/or Graduate Medical Education payments that caused a hospital to exceed their 1997/98 OBRA payment limit.